

PX 168

Information Regarding XRP II, LLC's History and Business

XRP II, LLC Background

XRP II, LLC was formed in July 2013 in order to sell units of Ripple's virtual currency ("XRP") to institutional and other accredited investors. It does not sell XRP through exchanges or trading platforms, but sells directly to customers based on terms agreed on a transaction by transaction basis. In certain limited circumstances, XRP II, LLC also provides the service of maintaining custody of assets on behalf of certain institutional investors.

Customers of XRP II coordinate the details of their wholesale transactions directly with representatives of XRP II, LLC. There is no webpage associated with XRP II. [Ripplelabs.com](https://ripplelabs.com) is the primary website of Ripple Labs, Inc. Ripple Labs, Inc. is the sole member of XRP I, LLC, which in turn is the sole member of XRP II, LLC.

Background on the Ripple Network

The decentralized, open-source Ripple ledger and payments network ("Ripple Network" or the "Network") allows its users to transfer and exchange XRP, a decentralized, counterparty-less digital currency native to the Network, as well as digital representations of other currencies (including fiat and other decentralized digital) and commodities issued by Network users. The Ripple Network deploys XRP in two ways: as an optional bridge currency between illiquid markets and as a security mechanism to ensure the security and stability of the Ripple Network at minimal cost to users.

Network users that issue balances are commonly known as gateways. All balances other than XRP on the Network constitute a promise by the gateway that issued the balance to redeem it and settle the balance outside of the Network. In order to hold gateway-issued balances, Network users must agree to trust the gateway for (at least) the amount of the balance. The Network also facilitates conversion between currencies through a decentralized order book – Network users that provide liquidity to facilitate currency conversions are known as market makers.

Jurisdictions in which XRP II, LLC is Engaged in Business**2014 XRP II Sales: Geographic Concentration***

Country	Volume (USD)
Japan	
United Kingdom	
Cayman Island	
France	
Cyprus	
Canada	
Singapore	
United States	
Panama	
Seychelles	
Malta	
Andorra	
Total	

****Figures above may differ from historical financial statements due to deferral of revenues in accordance with accounting principles generally accepted in the United States of America.***

Principal Place of Business and Operations

Ripple Labs Inc., the sole member of XRP I, LLC, which is the sole member of XRP II, LLC, is based in San Francisco, California, with additional remote offices in New York, New York and Sydney, Australia. The principal place of business is 300 Montgomery St 12 Fl, San Francisco, CA 94104.

The New York office is located at: 1 Little West 12th Street, Ripple Labs, New York, NY 10014.

Primary Market of Operation

The United States represents XRP II, LLC's current primary market of operation. For further information, please refer to the table of geographic concentrations which identifies the geographical location of XRP II, LLC customer base.

Current and Future Customer Base

XRP II, LLC has a customer base consisting primarily of companies, and in limited cases, accredited institutional investors who are purchasing XRP for speculative purposes. We have entered into agreements with an investor who, through an SEC-registered fund, will provide a regulated investment vehicle for investing in XRP. We expect that this fund will be the primary customer of XRP II, comprising 80% or more of our revenues.

Marketing Targets

Neither XRP II, LLC, nor affiliates, actively market XRP for sale or market XRP II, LLC as a custodian of XRP. XRP II, LLC does not promote, market or encourage speculative investment in XRP.

Ripple Labs' longer-term strategy for growth of the Ripple Network primarily focuses on offering payments and settlement services to financial institutions. Ripple Labs is currently working on a pilot program with banks and other financial institutions, with a longer-term goal of having banks and other large financial institutions act as gateways and/or use the Network as a primary means of settlement.

Banking Arrangements

XRP II, LLC currently has accounts at [REDACTED] located at [REDACTED]
[REDACTED] XRP II, LLC is currently pursuing additional banking relationships.

Methodology to Calculate Fiat Value of Virtual Currency

XRP II, LLC does not calculate the Fiat Currency value of Virtual Currency; prices are determined organically from orders placed on the Ripple Network.